



Departmental Quarterly Performance Report

Department of Procurement Management (DPM)

Reporting Period:

FY 2004-2005

2nd Quarter

January - March 2005

Departmental Quarterly Performance Report**Department Name:** Department of Procurement Management (DPM)**Reporting Period:** FY 2004-2005 – 2nd Quarter

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EXECUTIVE SUMMARY

During the second quarter of FY 2004-05, the Department of Procurement Management (DPM) focused on improving its business processes while making every effort to manage the increasing workload experienced over the last two fiscal years. The Department made significant progress in reducing procurement cycle times through both legislative and internal business process changes. DPM also continues to take steps to reduce costs and improve revenues while enhancing competition. However, the Department is in dire need of improved technology tools and additional staff to manage the increasing workload, improve performance tracking and monitoring, track vendor performance, improve efficiency, and meet multiple Board mandates.

New initiatives undertaken during the quarter included the implementation of the Expedited Purchasing Program (EPP) approved by the Board of County Commissioners (BCC) in the first quarter. This program, initiated by DPM, was developed to reduce procurement cycle times and to provide added flexibility in processing solicitations. The program is expected to produce positive results beginning in the third quarter as DPM aggressively identifies solicitations to be processed through the program.

Effective February 1, 2005, DPM initiated a pilot program to improve the method of advertising Invitations to Bid (ITBs) to include informal solicitations (valued under \$100,000) and to make better use of the Internet tools. Prior to this initiative, DPM did not advertise informal solicitations and vendors who rely solely on newspaper advertisements were not informed. The new procedures allow for standard advertisements to be placed in the local newspapers directing readers to the County's web site for details regarding all solicitations (formal and informal). This awareness of new solicitation opportunities is expected to increase the number of responses to bids, and therefore increase competition. This pilot program has decreased the ITB solicitation processing time by an average of two weeks.

As a results of earlier efforts to revise procurement procedures, DPM exceeded its target procurement processing cycle times for FY 2004-05 for Request for Proposal (RFP) and ITB contracts valued over \$1 million. The average cycle times for RFPs and ITB were 255 days and 299 days which exceeded the target by 68 days and 30 days respectively. Additionally, the Department also exceeded the target processing time for ITBs valued under \$1 million by 14 days. While the target procurement cycle time for RFPs valued under \$1 million was not met, the average processing time has been reduced significantly compared to the first quarter results. During the second quarter, the average RFP cycle time was 158 days, down from 207 days in the first quarter. The EPP initiative is expected to assist the Department in reaching the aggressive targets set for the RFP and ITB solicitations in this range.

DPM also conducted numerous meetings with the Department of Business Development with regards to DPM's increasing role in the implementation of the new Small Business Enterprise (SBE) Program. Once the program is implemented, DPM will be required to review and apply SBE measures to all purchases valued between

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\$10,001 and \$50,000. This additional requirement is expected to impact approximately 12,000 procurements that are within this category. This additional requirement can only be effectively assumed if the positions affected by the hiring freeze are filled.

During the quarter, DPM expedited recruitment actions necessary to fill needed vacancies in operations areas. As a result, the department hired four new employees and one employee was terminated. Four vacancies remain to be filled. It is important that DPM fill the remaining vacancies, as the existing resources alone cannot adequately manage the growing workload demands. The increased workload is affecting the accuracy and quality of work at all levels within the Department and maintaining a professional and proficient procurement operation has become more difficult due to insufficient personnel and technology resources. This lack of resources will over time result in less than quality solicitations, cause a negative effect on contract prices, terms and conditions, and could lead to an increase in the number of bid protests. All of these factors contribute to reduced efficiency and increased costs, to the County.

In an effort to improve the quality of work and to enhance employee skills, DPM focused significant efforts on training initiatives. The Department met and exceeded the training and professional development goals during the second quarter. All DPM staff in active work status completed Ethics and Service Excellence training. Additionally, procurement training for operations staff and internal workshops developed for supervisors and staff were offered during the quarter. These training and professional development efforts are designed to strengthen competencies and enhance efficiencies.

The year-to-date User Access Program (UAP) revenue total of \$1.7 million exceeds the six-month budgeted projection of \$1.2 million by \$500,000. The Department's end-of-year UAP revenue is projected to be \$3.4 million and if realized, will exceed the budget amount by \$1 million. DPM made a proposal to the Office of Strategic Business Management and the County Manager's Office to utilize any anticipated UAP surplus to fund technology initiatives and additional operations staffing.

Improving technology tools continues to be a top priority to further streamline business processes, enhance the ease of doing business with the County and to efficiently track and report information without multiple data entry efforts. DPM target dates in presenting and implementing technology proposals are on schedule but will be impacted by the County's technology strategy with regards to the Countywide Enterprise Resource Planning (ERP) Solution.

PERFORMANCE MEASURES / INITIATIVES

The following details DPM's performance with respect to the County's Enabling Strategies goals, related performance targets and preferred outcomes.

Goal (ES3): Ensure the timely acquisition of "best value" goods and services while maintaining integrity and inclusion

Outcome (ES3-1): Streamlined and responsive procurement process

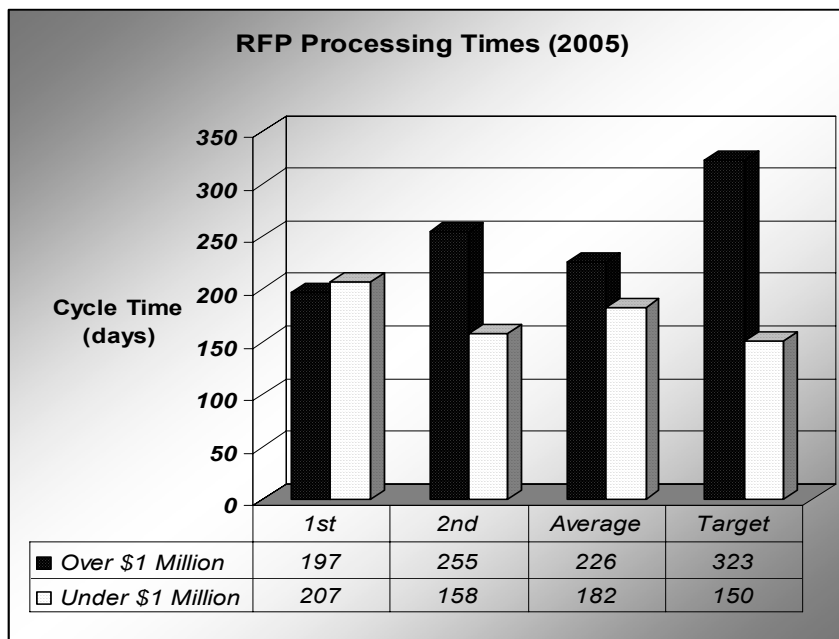
1. Performance Measure: Processing Time for Request for Proposals (RFP's).

Reduce procurement cycle using National Institute of Governmental Purchasing (NIGP) recommendations as benchmarks for 70% of solicitations:



Exceeded target for contracts over \$1 million

For tracking purposes, processing times were measured from the date the requisition and scope of work are finalized to the date of contract award. Work orders are included for this measurement. The chart below shows the performance to date and the targets assuming that DPM was fully staffed and that proposed legislative changes were approved.



For solicitations valued in excess of \$1 million, DPM beat the targeted processing time by a total of 68 days for the quarter. This cycle time reduction occurred primarily as a result of the legislative change that allows for the advertisement of solicitations without

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prior BCC approval and other in-house process changes. The reported performance excludes the purchase of the Enterprise Resource Planning (ERP) package for the County. This purchase was very complex and unique and took a total of 986 days.

While the average processing times during the quarter (158 days) for RFP solicitations valued below \$1 million did not meet the target (150 days), DPM achieved a significant reduction of 49 days compared to the first quarter performance. It should be noted that these cycle times exclude the time for filing of bid protests. During the first quarter, bid protests resulted in a total of 55 days delay in contract award compared to 5 days in the second quarter.

2. **Performance Measure:** Processing times for Invitations to Bid (ITBs).

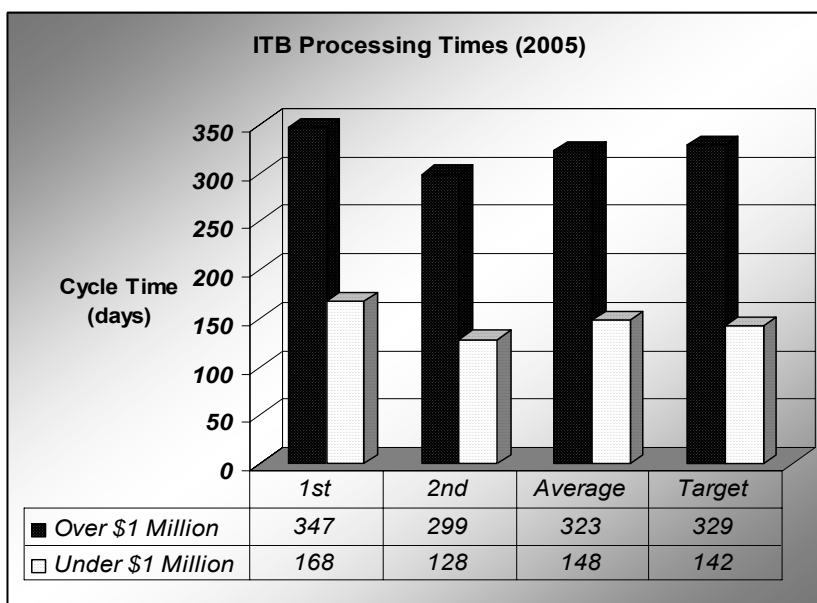
Reduce procurement cycle using National Institute of Governmental Purchasing (NIGP) recommendations as benchmarks for 70% of solicitations:



Exceeded target for all ITBs

Processing time for the purpose of tracking is measured from the date the requisition and scope of work are finalized to the date of contract award. Processing times generally will exclude the time delays due to bid protests and it is assumed that the targets are attainable if DPM is fully staffed and that some legislative initiatives are approved.

As shown in the chart below, the targeted procurement processing cycle times for all bids were exceeded in the second quarter. Processing times for the second quarter for ITB's valued over \$1 million was 48 days less than the time taken at the end of the first quarter and exceeds the target cycle time by 30 days.



Similarly, DPM achieved significant reduction in cycle times for ITBs valued less than one million and exceeded the target cycle time by 14 days. Compared to first quarter performance, the procurement cycle time was reduced by 40 days.

3. Performance Measure: Workload management

Manage Contract / Solicitation Workload

Managing the procurement workload typically involves managing active contracts, processing modifications and extensions, performing market research, developing new solicitations and performing evaluation and selection procedures. These activities alone results in approximately 1,600 procurement actions being undertaken at any given time within the Department. For performance reporting purposes, DPM reports only the number of active contracts and excludes one-time purchases, contract extensions and change orders. In fiscal year 2004, one-time purchases and contract modifications totaled 177 and 849 respectively.

Table 1 shows the workload by unit defined as the total number of active contracts for the year. By the end of FY 2005, the number of solicitations is expected to increase by 15% over the 2004 levels and by an additional 16% in FY 2006. This creates challenges to the Department both for managing the procurement volumes and to significantly reduce procurement cycle times while improving quality. Other factors influencing this increase in workload include the following:

- a. Increased number of Procurements by Departments
- b. Increased number of procurements due to aggressive implementation of the People's Transportation Plan (PTP)
- c. Implementation of the SBE and Micro Enterprise Programs
- d. Rework due to the Hershell Gill decision (immediately impacting approximately 300 procurements)
- e. Passage of the resolution to prepare successor contracts and modification for BCC approval at least 60 days prior to contract expiration
- f. Board resolution to return to the BCC within six months of issuing a contract (under the manager's authority) where the County may wish to exercise options to renew such contracts

The actual number of contracts reported by quarter exceeds the projected total workload. Initial projections from the Business Plan were based on the number of active contracts processed during the respective year (Table 1). Recognizing that workload encompasses all contract actions, including contract maintenance for contracts expiring beyond the fiscal year, the workload reported during the first and second quarters include all active contracts. During the first quarter, DPM staff managed a total of 1,153 contracts and in the second quarter this workload increased to 1,164 as shown in Table 2.

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Table 1 Current and Projected Procurement Workload (Active Contracts only)			
Contract / Solicitation Workload:	FY 03-04 Actual	FY 04-05 Projection	FY 05-06 Projection
RFP Unit (Requests for Proposals)	155	230	250
Bids and Contracts (Invitations to Bid)	573	635	760
Information Technology Unit (RFPs, ITBs, Bid Waiver and Sole Source Contracts)	211	215	240
TOTAL	939	1,080	1,250

Table 2 Total number of Contracts Managed by DPM by Quarter				
Contract / Solicitation Workload:	1st Quarter FY 04-05	2nd Quarter FY 04-05	3rd Quarter FY 04-05	4th Quarter FY 04-05
RFP Unit	205	223		
Bids and Contracts	835	809		
Information Technology Unit	113	132		
TOTAL	1153	1164		

4 Performance Measure: Training (Refer to Table 3):

Provide training and professional development for procurement and support staff, through:

- 1. In-house Workshops and County provided training, including Ethics, specification and technical writing*
- 2. Focused Workshops and Supervisory Certification*
- 3. Purchasing, negotiations, market research and other procurement related subjects*
- 4. Specialized training modules developed on behalf of DPM*



Exceeded target

Table 3 Planned Number of Attendees Participating in Training and Professional Development Events			
	FY 03-04 Actual	FY 04-05 Projection	FY 05-06 Projection
In House and External Training			
Procurement Training	N/A	114	114
Ethics Training	N/A	88	88
IT Training	N/A	18	18
Employee Relations Dept. Training	N/A	13	13

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	FY 03-04 Actual	FY 04-05 Projection	FY 05-06 Projection
Miscellaneous Training	N/A	12	12
Selection Committee Member Code of Conduct and Sunshine Requirement Training	N/A	12	12
Specialized Training to be Developed			
Business Writing and Grammar <ul style="list-style-type: none"> Develop Phase 1 Program Conduct Phase 1 Training Develop Phase 2 Program Conduct Phase 2 Training 		85 April 2005 July 2005	85 April 2006 July 2006
Total	399	342	342

To date, DPM has exceeded the attendance/training target for the first two quarters and is expected to exceed the training targets for the fiscal year. As detailed in Table 4, DPM has trained staff or participated in a variety of development activities to improve professionalism, skills and enhance quality. Staff is encouraged to use the new skills developed at these training courses to improve their work products. Of the 342 training events planned for the fiscal year, DPM has completed a total of 229 or 67% during the first two quarters.

Technical Course	1st Quarter FY 04-05	2 nd Quarter FY 04-05	FY 04-05 Total to Date
7 th Annual Reverse Trade show NIGP Southeast Florida Chapter (Workshops)	8		8
Service Excellence Workshop	67	21	88
New Employee Orientation (ERD)	5	4	9
ADPICS Training	2		2
Introduction to Public Procurement- NIGP		6	6
2005 e-Procurement Symposium, Orlando, FL - NIGP		2	2
2005 Government Contract Mgmt. Summit, Arlington, VA - The Performance Institute		2	2
Ethics - Miami-Dade Commission on Ethics		77	77
The Personnel Law for Supervisors Seminar-SkillPath Seminars		1	1
New Horizons - Excel		1	1
Excelling at Managing People Workshop-SkillPath Seminars		1	1
Bargain w/ vendors and suppliers -National Seminars		1	1
Outlook - New Horizons		1	1
Purchasing / eProcurement, PeopleSoft Training, Burlington, MA		1	1
State/Local Law Enforcement Equipment Procurements Workshop-NIGP		2	2
Purchasing - You know you're good... Now learn how to do it better – NIGP		5	5
Certified Purchasing Manager Certification Education Program – FIU		1	1
Procurement Guidelines- ERD & DPM		1	1
Employee Performance Appraisal Workshop (Internal)		20	1
TOTAL	82	147	229

5. Performance Measure: Improved Technology Tools:

Select an improved technology solution to replace current purchasing system to implement


1. *Solicitation tracking (step-by-step)*
2. *Tracking and reporting on vendor past performance*
3. *E-Procurement enhancements*
4. *Management information systems, reporting and business management*
5. *Procurement planning*



On target

DPM researched the technology options and selected an improved technology solution to replace the current inadequate purchasing system. Additionally, the Department developed a high level implementation plan, timeline and cost estimates. However, the County had purchased an enterprise ERP solution that also encompasses a large number of procurement functionality. Both options are being evaluated by the Chief Information Officer and the County Manager in light of the timing, feasibility, cost and the County's ability to implement the enterprise solution. DPM is poised and ready to procure the TIER solution to meet the business and Board mandates as follows:

1. Solicitation Tracking System by Resolution No. 442-04
2. Vendor Past Performance Tracking: Mandated by Resolution 342-04
3. E-Procurement Automation: Implementation of Automated Solicitation Preparation Process
4. Bid Tracking and tally sheets

Goal (ES3):  Ensure the timely acquisition of "best value" goods and services while maintaining integrity and inclusion

Outcome (ES3-2): Full and Open Competition


6. Performance Measure: Full and Open Competition:

Reduce the percentage of non-competitive contracts (sole source and bid waivers contracts)





Below target

The percentage of contracts that were not competed was reduced from 31% of the total number of contracts in FY 02-03 to 23% in FY 03-04. Non-competitive contracts include bid waiver and sole source contracts. However, as DPM works with client departments to reduce the number of non-competitive actions, it is becoming increasingly difficult to achieve the targets as contract terms vary and a large

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percentage of contracts will not expire this year. Based on these factors, DPM plans to reduce the number of non-competitive contracts from 23% to 17% during the current fiscal year. To date, staff has reduced the number of non-competitive contracts to 22%.

Goal (ES3):  Ensure the timely acquisition of “best value” goods and services while maintaining integrity and inclusion

Outcome (ES3-3):  “Best Value” Goods and Services (Price, Quality, Terms and Conditions)

7. Performance Measure: Revenue Maximization:

Maximize revenue by including User Access Program (UAP) fees in 100% of eligible contracts



Below target

In FY 2004, DPM collected \$973,000 in UAP revenue which represents a 16% increase over the mid-year projection. The aim in FY 2005 is to include the UAP in all eligible contracts that are managed/initiated through the Department of Procurement Management. As shown in the table below, DPM was able to include the UAP in 99.6% of all contracts during the second quarter.

Table 5 Application of UAP to DPM Managed Contracts in FY 2005					
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	FY 04-05 Average
Percentage of eligible contracts that includes the User Access fee	100%	99.6%			99.8%

PERSONNEL SUMMARY

A. Filled/Vacancy Report

Filled/Vacancy Report									
Filled as of September 30 th of Prior Year	Current Year Budget	Number of Filled and Vacant Positions at the end of each quarter							
		Quarter 1		Quarter 2		Quarter 3		Quarter 4	
		Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant
89	96	89	7	92	4				

B. Key Vacancies

Position	Division	Status
Sr. Procurement Contracting Officer (MDT)	Purchasing Division	Position pending OSBM approval
Procurement Contracting Supervisor	Purchasing Division	Frozen for attrition
Sr. Procurement Contracting Agent	Technical Services Division - IT Unit	Position pending OSBM approval
Clerk 4	Purchasing Division	Frozen for attrition

C. Turnover Issues:

None

D. Skill/Hiring Issues:

None

E. Part-time, Temporary and Seasonal Personnel (Not Applicable)

DPM has no Part-time, temporary or seasonal County personnel; however, the Department employed five temporary agency employees during the second quarter as shown below.

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Temporary Agency Employees Employed FY 2005 Second Quarter		
No.	Classification	Division
2	Clerk 3	Director's Office Administrative & Fiscal Division Vendor Assistance Unit
3	Clerk 4	Strategic Acquisition Planning Division (2) Technical Services Information Systems Division (1)

F. Other Issues

None

FINANCIAL PERFORMANCE

The Financial Summary presented on page 14 reports revenue and expenditure for the second quarter. Proprietary revenue of \$1.7 million, mainly from the User Access Program (UAP), exceeds the six-month budgeted projection of \$1.2 million by \$500,000. The end-of-year UAP revenue is projected to be \$3.4 million and if realized, will exceed the budget amount by \$1 million. General Fund and Capital Working Fund revenue will be transferred to DPM at the end of the fiscal year. Year-to-date expenditures of \$3.8 million are 48% of the annual budget of \$8 million. A supplemental budget of \$117,000 will be required to cover the cost of three additional temporary employees (\$60,000) to address workload issues in the Bids and Contracts and RFP Units, and a backlog in the Vendor Assistance Unit; negotiated cost of living wage adjustments (\$47,000); and overtime pay for employees assigned to the November 2004 election (\$10,000). Funding will be provided from UAP revenue.

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Financial Summary: Department of Procurement Management* (All dollars in thousands)								
	Prior Year Actual	Total Annual Budget	CURRENT FISCAL YEAR					
			2 nd Quarter		Year-to-date			
			Budget (a)	Actual	Budget	Actual	\$ Variance	% of Annual Budget
Revenues								
Proprietary Revenue (b)	1,052	2,461	615	949	1,231	1,731	501	70.34%
Capital Working Fund (c)	118	125	31	0	62	0	(62)	
GF Transfer (c)	6,641	5,424	1,356	0	2,712	0	(2,712)	
Carryover	75							
Total	\$7,886	\$8,010	\$2,002	\$949	\$4,005	\$1,731	\$(2.273)	
Expense								
Personnel	6,845	6,892	1,723	1,639	3,446	3,298	148	47.85%
Operating	815	1,065	266	315	533	497	36	46.67%
Capital	73	53	13	18	26	29	(4)	54.72%
Total	\$7,733	\$8,010	\$2,002	\$1,972	\$4,005	\$3,824	\$180	

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Financial Notes:

- a. 2nd Quarter Budget reflects $\frac{1}{4}$ of total budget amounts.
- b. Proprietary revenue includes revenue from the User Access Program (UAP)
- c. General Fund and Capital Working Fund revenue to be transferred at the end of the fiscal year.

Department Director Review

The Department Director has reviewed this report in its entirety and agrees with all information presented.

Signature
Miriam Singer, Director

Date